



Norman H. Bangarter

Governor

Dee C. Hansen

Executive Director

Dianne R. Nielson, Ph.D.

Division Director

State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

355 West North Temple

3 Triad Center, Suite 350

Salt Lake City, Utah 84180-1203

801-538-5340

June 14, 1989

WB Orig Mine file
cc. cover letter
Sue Linner

RECEIVED
JUL 12 1989

Mr. C. F. Vaughn, President
Nevada Electric Investment Co.
6226 West Sahara
Las Vegas, NV 89102

DIVISION OF
OIL, GAS & MINING

Dear Mr. *Charles* Vaughn:

Re: Five-Year Permit Renewal, Genwal Coal Company, Crandall Canyon Mine, ACT/015/032, Folder #3, Emery County, Utah

Enclosed is a new permanent program mining permit for the Crandall Canyon Mine. The expiration date for this permit is May 13, 1993, five years from the expiration date of the original permit. Also enclosed is a copy of the State's Decision Document for the permit renewal, and a copy of the executed collateral bonding agreement.

Please note that for purposes of responding to the stipulations, the permit approval date is the date on the top of the first page of the permit, June 14, 1989. Two copies of the permit are included. Please read the stipulations in Attachment A, then sign both copies and return one to the Division.

Thank you for your cooperation during the permitting process.

Best regards,

Dianne R. Nielson
Director

c1

Attachments

cc: P. Rutledge, OSM
R. Hagen, OSM
G. Morris, USFS
A. Childs, Genwal
S. Linner
J. Leatherwood
P.F.O.

BT45/246

an equal opportunity employer

PERMIT RENEWAL AND STATE
DECISION DOCUMENT

Genwal Coal Company
Crandall Canyon Mine
ACT/015/032
Emery County, Utah

June 14, 1989

CONTENTS

Administrative Overview
Location Map
Findings
Chronology
Letters of Concurrence
 U. S. Forest Service, December 19, 1988
 Office of Surface Mining Reclamation and Enforcement
 Relatedness Report, May 30, 1989
Permit with Stipulations

BT235/1-13

ADMINISTRATIVE OVERVIEW

Genwal Coal Company
Crandall Canyon Mine
ACT/015/032
Emery County, Utah

June 14, 1989

Background

The Crandall Canyon Mine is located in Crandall Canyon, a tributary canyon to Huntington Canyon, approximately 20 miles northwest of the town of Huntington, Utah (see Location Map).

Mining operations began in the Hiawatha seam in 1983 after permit approval from the Division of Oil, Gas & Mining (May 13, 1983) and the Office of Surface Mining (November 1982). The original permit area consisted of Tract 1 of federal lease SL-062648, a surface fee lease and U. S. Forest Service special use areas. On February 12, 1987, Genwal was given a permit to mine in Tract 2 of lease SL-062648.

In December of 1986, Genwal was issued federal lease U-54762, containing 256.49 acres. In February of 1988, a new Mining and Reclamation Plan (MRP) for the Crandall Canyon Mine was submitted in partial fulfillment of the requirements for permit renewal. This new MRP also contained information pertaining to the addition of lease U-54762 to the permit area. This addition is being handled as a separate permitting action and the acreage is not included in this permit.

In January of 1989, the Division was notified that Nevada Electric Investment Company had purchased Genwal Coal Company. New officers and directors of Genwal have been subjected to the 510(c) clearance process and a recommendation to issue a permit has been received (see attachment to this Decision Document). However, this information has not been incorporated into the MRP. Stipulation UMC 771.23 -(1) - SCL has been added to the permit to address this.

Issues

As part of the permit renewal process, Genwal was required to resubmit the Crandall Canyon MRP, combining the two previous plans for Tracts 1 and 2, and updating the plan as a whole. Much of the permit renewal review has involved polishing the resubmitted MRP to be complete and consistent.

The U. S. Forest Service, Manti-LaSal National Forest, the surface landowner, has been involved in the review of the revised MRP, and has raised several issues during the process. All of these have been resolved, with the exception of an issue dealing with the handling of runoff from sediment pond wastes. Stipulation USFS -(1) has been added to the permit to address this concern. No other agencies had substantive comments.

In a final review of the MRP to determine the amount of reclamation bond required, it was determined that the reclamation plan was lacking in detailed information regarding backfilling and grading, approximate original contour requirements, and reclamation channel design. These issues all deal with final reclamation, which is not planned to be implemented within the new permit term. To resolve this concern the amount of bond has been increased to cover a worst-case scenario and stipulation UMC 784.13 -(1) - JRH has been added to the permit to address these deficiencies. When the detailed reclamation designs have been approved, the bond will be re-evaluated to see if it can be reduced.

Permit Changes

During the last permit term several amendments to the permit were submitted and approved by DOGM, including:

Approval for emergency spillway design and construction, September 10, 1984.

Approval for an operational surface water monitoring program on June 12, 1985.

Approval for an increase in annual tonnage production on October 3, 1985.

Approval for an incidental boundary change to access Tract 2 on November 18, 1985.

Approval for construction of new surface facilities, July 2 and August 5, 1986.

Approval for modification of the Tract 2 incidental boundary change on January 6, 1987.

Approval for temporary crushing and screening facilities at the mine site, October 8, 1987, extended January 4, 1988 and June 27, 1988.

Approval to construct an underground bathhouse, May 3, 1988.

Approval for a permanent on-site coal processing and loading facility, approved June 27, 1988.

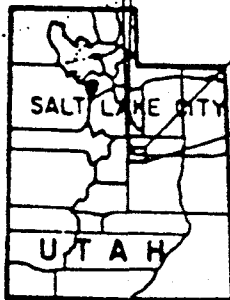
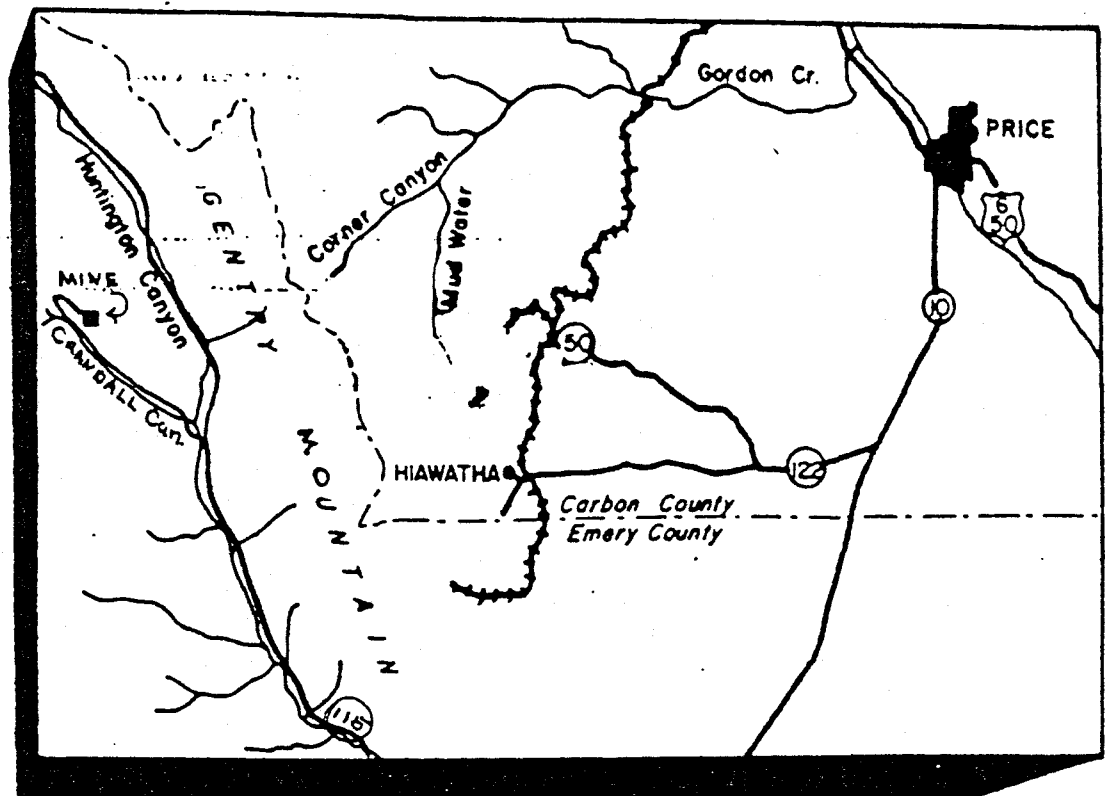
Approval for a temporary screening and crushing facility at Mohrland, June 28, 1988. This required submittal of a \$10,000 bond.

No revisions were submitted during this period.

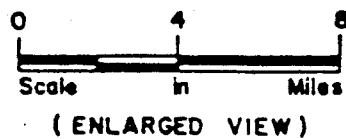
The mid-permit term review was completed on August 5, 1986.

Recommendation for Approval

Approval for five year permit renewal is recommended, based on the MRP, as updated through December of 1988, a review of the current permit, including all conditions, amendments and revisions approved to date, and conformance with criteria for approval of permit renewal applications (UMC 788.14-.16)(see attached Findings document). All issues raised during the review process have been resolved or will be attached as stipulations to permit approval. No issues were raised during the public comment period. The permit renewal term will not exceed the original permit term of five years.



ITEM 1-1
Location Map
Feb. 10, 1988



LOCATION MAP


Genval Coal Company
Crandall Canyon Mine
Emery County, Utah

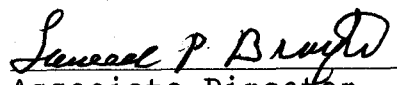
FINDINGS

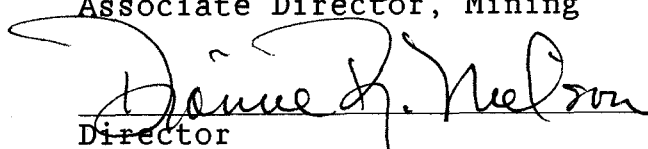
Genwal Coal Company
Crandall Canyon Mine
ACT/015/032
Emery County, Utah

June 14, 1989

1. The permit renewal term will not exceed the original permit term of five years (UMC 788.15).
2. The terms and conditions of the existing permit are being satisfactorily met (UMC 788.16(a)(1)).
3. The present underground coal mining activities are in compliance with the environmental protection standards of the Act and the Utah State Program (UMC 788.16(a)(2)).
4. The requested renewal will not substantially jeopardize the operator's continuing responsibility to comply with the Act and the Utah State Program (UMC 788.16(a)(3)).
5. The operator has posted a reclamation surety in the required amount and has provided evidence that the surety will remain in full effect for the additional permit period. No additional surface disturbances are proposed at this time (UMC 788.12(a)(4)).


Permit Supervisor


Associate Director, Mining


Director
Division of Oil, Gas & Mining

CHRONOLOGY

Genwal Coal Company
Crandall Canyon Mine
ACT/015/032
Emery County, Utah

June 14, 1989

- 2/16 & 23/88 Genwal Coal Company, Inc. (Genwal) submits updated Mining and Reclamation Plan (MRP) to initiate the permit renewal process.
- 5/3/88 Division of Oil Gas & Mining (DOGM) sends Genwal deficiency review for the updated MRP.
- 8/15/88 Genwal submits additional information in response to
9/8/88 the deficiencies.
- 10/26/88 DOGM determines the MRP to be apparently complete.
- 10/25-11/15 Genwal publishes notice of a complete plan weekly for four consecutive weeks in the Price Sun Advocate.
- 12/2,5,7 and Genwal submits additional information to address
28/88 technical deficiencies in the MRP.
- 12/15/88 Public comment period ends with no comments received.
- 1/30/89 Genwal notifies DOGM of change in ownership.
- 2/3/89 DOGM notifies Genwal of requirements for legal/financial update to MRP and for more information to calculate the reclamation surety requirement.
- 3/3/89 Genwal provides information on reclamation designs.
- 4/11/89 DOGM notifies Genwal of deficiencies in the reclamation plan and requirement to post surety of \$268,000.
- 6/13/89 Genwal posts required surety.
- 6/14/89 DOGM issues new five year permit.

LETTERS OF CONCURRENCE

Genwal Coal Company
Crandall Canyon Mine
ACT/015/032
Emery County, Utah

June 14, 1989

United States
Department of
Agriculture

Forest
Service

Manti-LaSal
National Forest

599 West Price River Dr.
Price, Utah 84501

Reply to: 2820

Date: December 19, 1988

Lowell Braxton
State of Utah Natural Resources
Division of Oil, Gas and Mining
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203

RECEIVED
DEC 21 1988

DIVISION OF
OIL, GAS & MINING

Dear Lowell:

RE: Five-Year Permit Renewal and New Lease Responses, Genwal Coal Company,
Crandall Canyon Mine, ACT/015/032, Folder #2, Emery County, Utah

We have reviewed Genwal Coal Company's November 25, 1988, response; your letter dated November 29, 1988, regarding the reclamation seed mix; and Dave Darby's letter dated October 9, 1988, regarding subsidence/slope stability. We have made the following determination regarding the above letters and our remaining comments (letters dated June 1, 1988, and October 17, 1988) on the five-year renewal and new lease addition. Our comments are divided into two sections. The first set of comments is for the five-year renewal of the existing permit and the second set of comments is for the addition of Federal Coal Lease U-54762 into the permit area.

Five-Year Renewal

1. Reclamation Seed Mix, Comment #2-FS 10/17/88 Ltr., Comments #12-FS 6/1/88 Ltr.

We consent to the seed mix developed by Bob Thompson and Lynn Kunzler. A copy is attached for clarification.

2. Temporary Sediment Pond Sludge Storage at the West End of the Coal Stockpile Area, Comment 8-FS 6/1/88 Ltr.

Genwal has proposed to construct a coal berm around the sludge pile and to construct straw bales or sediment fences around the pile if excess drainage becomes a problem. Considering the low density of the coal and the permeability of the coal and sediment fences and straw bales, we do not believe that the sludge and water will be adequately contained. The plan needs to be revised to provide an adequate mechanical barrier to contain the sludge. If the barrier is permeable and will not contain the water for evaporation, drainage to the ditch between the coal processing area and Forest development road must be provided such that the processing area and entrance do not become soft and rutted.

3. The remaining Forest Service comments have been adequately addressed.

Addition of Federal Coal Lease U-54762 to the Permit Area

4. Subsidence/Slope Stability, Comment 6-FS 10/17/88 Ltr., Comments 13, 22, 35 and 36-FS 6/1/88 Ltr.

We agree with the conclusion and requirement outlined in Dave Darby's letter dated October 9, 1988. The requirement limits Genwal to developmental mining only in areas with less than 500 feet of overburden until a reasonable professional study concludes that no adverse impacts will occur to resources. Recovery mining will still be allowed with overburden greater than 500 feet. Genwal has responded that second mining under similar slopes at the Beaver Creek Huntington Canyon #4 Mine and the Co-Op Mine has taken place without causing significant slope stability problems and have referred to a BLM letter confirming this determination. The BLM letter was not submitted with the latest response nor have we received a determination from BLM. We will consent to the mining scenario presented in Dave Darby's letter. We will not consent to recovery mining in areas where there is less than 500 feet of overburden until we receive an adequate response from BLM confirming Genwal's statement or a geotechnical study which confirms this opinion.

5. Crandall Creek-Forest Service Minimum Instream Flow Needs, Comment 24-FS 6/1/88 Ltr.

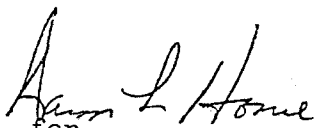
Genwal has committed (page 7-57, paragraph 2) to working with the Forest Service to calculate the minimum instream flow needs as required. In addition, Genwal has stated (page 7-74, paragraph 4) that once the instream flow needs are established, they will maintain the minimum instream flows. We feel that this is adequate and will require compliance.

The Manti-LaSal National Forest will consent to the permit renewal subject to permit stipulations that these issues be resolved or after Genwal Coal Company makes revisions which are adequate to resolve the concerns.

The Manti-LaSal National Forest will consent to the addition of Federal Coal Lease U-54762 only after receipt and review of the technical analysis and under the conditions stated in item 4 above.

If you have any questions, please contact the Forest Supervisor's Office in Price, Utah.

Sincerely,


for

GEORGE A. MORRIS
Forest Supervisor

Enclosure

Revised
Recommended Seed Mix
Genwal Coal Company
Crandall Canyon Mine
ACT/015/032
November 28, 1988

Species	Rate*
GRASSES & FORBS:	Lbs/Acre
Agropyron dasystachum	
Thickspike wheatgrass	3.0
<u>Agropyron smithii</u>	
Western wheatgrass	3.0
<u>Agropyron spicatum</u>	
Bluebunch wheatgrass	2.0
<u>Agropyron trachycaulum</u>	
Slender wheatgrass	3.0
<u>Bromus caranatus (marginatus)</u>	
Mountain brome	3.0
<u>Dactylis glomerata</u>	
Orchard grass	0.5
Elymus cinereus	
Great Basin wildrye	2.0
<u>Aster glaucoides</u>	
Blueleaf aster	0.5
<u>Linum lewisii</u>	
Lewis flax	1.0 0.5
<u>Melilotus officinalis</u>	
Yellow sweetclover	1.0
Penstemon palmeri Sanquisorbia minor	0.5
Palmer penstemon Small burnet	1.0
TOTAL	<u>19.5</u> 15.0
SHRUBS:	
<u>Symphoricarpos oreophilus</u>	
Snowberry	2.0 1.0
<u>Rosa woodsii</u>	
Woods rose	1.0
Amelanchier utahensis	
Utah serviceberry	1.0
<u>Rhus trilobata</u>	
Squawbush	1.0
Sambucus cerulea Juniperus scopulorum	1.0 1.0
Blue elderberry Rocky mtn. red cedar	
<u>Cercocarpus ledifolius</u>	
Curleaf mtn. mahogany	1.0
TOTAL	<u>7.0</u> 4.0

*Rate is for Pure Live Seed (PLS) to be broadcast seeded over all disturbed area. For best results, lightly rake areas that have been seeded.

Recommended Planting Mix*
 Genwal Coal Company
 Crandall Canyon Mine
 ACT/015/032
 November 28, 1988

Species	Plants/Acre
<u>TREES:</u>	
<u>Picea pungens</u>	
<u>Picea engelmannii</u>	150
Blue Engelman spruce	
<u>Pseudotsuga menziesii</u>	150
Douglas fir	
<u>Pinus ponderosa</u>	50
Ponderosa pine	
<u>Populus angustifolia</u>	75
Cottonwood	
<u>Populus tremuloides</u>	75
Quaking aspen	
<u>Salix myrtifolia</u> boothii + geyeriana	110 50 each = 100
Willow	50
<u>Juniperus scopulorum</u> --]	TOTAL 610 575
Rocky mtn. juniper	

*Planting mix will be planted on the wooded area. The willows will be planted within 20 feet of drainages to assure sufficient moisture for establishment and growth.



Norman H. Bangarter
Governor

Dee C. Hansen
Executive Director

Dianne R. Nielson, Ph.D.
Division Director

State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
801-538-5340

May 30, 1989

TO: Sue Linner

FROM: Joseph C. Helfrich 

RE: Compliance Review for Section 510(c) Finding, Genwal Coal Company,
Crandall Canyon Mine, ACT/015/032, Emery County, Utah

As of the writing of this letter, there are no NOV's or CO's which are not corrected or in the process of being corrected. Any NOV's or CO's that are outstanding are in the process of administrative or judicial review. There are no finalized Civil Penalties which are outstanding and overdue in the name of Genwal Coal Company.

Finally, they do not have a demonstrated pattern of willful violations, nor have they been subject to any bond forfeitures for any operation in the state of Utah.

jb
MN47/30

/read all

Message 575-232

Subj: AVSCH RECOMMENDATION: UT

TO: Joe Helfrich, AVS Representative, UT

FROM: Frank Frideczky, AVS Clearinghouse

SUBJECT: UT Pending Applications

DATE: May 30, 1989

The following pending applications have been researched, and the AVS Clearinghouse recommendation is ISSUE:

APPLICATION NUMBER

APPLICANT

ACT007007

ACT015032

ACT015021

SUNNYSIDE RECLAMATION & SALVAGE INC

GENWAL COAL CO INC

Co Op Mining Co

CC: Robert Postle, Casper Field Office

[PC ID 20:DOI370025:14841]

152E for 152G22 10:22 MDT 01-Jun-89 Message 575-232 [1]
* RECEIPT notice pending *

Receipt of Message 575-232 acknowledged to 152E on 16:04 MDT 01-Jun-89

Action?:

[Done]

/bye

Off at 16:05 MDT 1-Jun-89

Host Name: BYE

CB

FEDERAL
(April 1987)

Permit Number ACT/015/032,

June 14, 1989

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
(801) 538-5340

This permit, ACT/015/032, is issued for the state of Utah by the Utah Division of Oil, Gas and Mining (DOGM) to:

Genwal Coal Company
P. O. Box 1201
Huntington, Utah 84528
(801) 687-9813

for the Crandall Canyon Mine. Genwal Coal Company is the lessee of federal coal lease SL-062648 and the lessee of a fee-owned parcel affected by surface operations. A performance bond is filed with the DOGM in the amount of \$268,000.00, payable to the state of Utah, Division of Oil, Gas and Mining and the Office of Surface Mining Reclamation and Enforcement (OSMRE). DOGM must receive a copy of this permit signed and dated by the permittee.

- Sec. 1 STATUTES AND REGULATIONS - This permit is issued pursuant to the Utah Coal Mining and Reclamation Act of 1979, Utah Code Annotated (UCA) 40-10-1 et seq, hereafter referred to as the Act.
- Sec. 2 PERMIT AREA - The permittee is authorized to conduct underground coal mining activities on the following described lands (as shown on the map appended as Attachment B) within the permit area at the Crandall Canyon Mine situated in the state of Utah, Emery County, and located:

Township 16 South, Range 7 East, SLBM

Section 5: SW 1/4 NW 1/4, Lot 4 (NW 1/4 NW 1/4)
Section 6: SE 1/4 NE 1/4, Lot 1 (NE 1/4 NE 1/4)

This legal description is for the permit area (as shown on Attachment B) of the Crandall Canyon Mine. The permittee is authorized to conduct underground coal mining activities connected with mining on the foregoing described property subject to the conditions of the lease, the approved mining plan, including all conditions and all other applicable conditions, laws and regulations.

- Sec. 3 PERMIT TERM - This permit is effective on June 14, 1989 and expires on May 13, 1993.
- Sec. 4 ASSIGNMENT OF PERMIT RIGHTS - The permit rights may not be transferred, assigned or sold without the approval of the Director, DOGM. Transfer, assignment or sale of permit rights must be done in accordance with applicable regulations, including but not limited to 30 CFR 740.13(e) and UMC 788.17-.19.
- Sec. 5 RIGHT OF ENTRY - The permittee shall allow the authorized representative of the DOGM, including but not limited to inspectors, and representatives of OSMRE, without advance notice or a search warrant, upon presentation of appropriate credentials, and without delay to:
- A. have the rights of entry provided for in 30 CFR 840.12, UMC 840.12, 30 CFR 842.13 and UMC 842.13; and,
 - B. be accompanied by private persons for the purpose of conducting an inspection in accordance with UMC 842.12 and 30 CFR 842, when the inspection is in response to an alleged violation reported by the private person.
- Sec. 6 SCOPE OF OPERATIONS - The permittee shall conduct underground coal mining activities only on those lands specifically designated as within the permit area on the maps submitted in the mining and reclamation plan and permit application and approved for the term of the permit and which are subject to the performance bond.
- Sec. 7 ENVIRONMENTAL IMPACTS - The permittee shall minimize any adverse impact to the environment or public health and safety through but not limited to:
- A. accelerated monitoring to determine the nature and extent of noncompliance and the results of the noncompliance;
 - B. immediate implementation of measures necessary to comply; and
 - C. warning, as soon as possible after learning of such noncompliance, any person whose health and safety is in imminent danger due to the noncompliance.

- Sec. 8 DISPOSAL OF POLLUTANTS - The permittee shall dispose of solids, sludge, filter backwash or pollutants in the course of treatment or control of waters or emissions to the air in the manner required by the approved Utah State Program and the Federal Lands Program which prevents violation of any applicable state or federal law.
- Sec. 9 CONDUCT OF OPERATIONS - The permittee shall conduct its operations:
- A. in accordance with the terms of the permit to prevent significant, imminent environmental harm to the health and safety of the public; and
 - B. utilizing methods specified as conditions of the permit by DOGM in approving alternative methods of compliance with the performance standards of the Act, the approved Utah State Program and the Federal Lands Program.
- Sec. 10 AUTHORIZED AGENT - The permittee shall provide the names, addresses and telephone numbers of persons responsible for operations under the permit to whom notices and orders are to be delivered.
- Sec. 11 COMPLIANCE WITH OTHER LAWS - The permittee shall comply with the provisions of the Water Pollution Control Act (33 USC 1151 et seq,) and the Clean Air Act (42 USC 7401 et seq), UCA 26-11-1 et seq, and UCA 26-13-1 et seq.
- Sec. 12 PERMIT RENEWAL - Upon expiration, this permit may be renewed for areas within the boundaries of the existing permit in accordance with the Act, the approved Utah State Program and the Federal Lands Program.
- Sec. 13 CULTURAL RESOURCES - If during the course of mining operations, previously unidentified cultural resources are discovered, the permittee shall ensure that the site(s) is not disturbed and shall notify DOGM. DOGM, after coordination with OSMRE, shall inform the permittee of necessary actions required. The permittee shall implement the mitigation measures required by DOGM within the time frame specified by DOGM.
- Sec. 14 APPEALS - The permittee shall have the right to appeal as provided for under UMC 787.

Sec. 15 SPECIAL CONDITIONS - In addition to the general obligations and/or requirements set out in the leases, the federal mining plan approval, and this permit, the permittee shall comply with the special conditions appended hereto as Attachment A.

The above conditions (Secs. 1-15) are also imposed upon the permittee's agents and employees. The failure or refusal of any of these persons to comply with these conditions shall be deemed a failure of the permittee to comply with the terms of this permit and the lease. The permittee shall require his agents, contractors and subcontractors involved in activities concerning this permit to include these conditions in the contracts between and among them. These conditions may be revised or amended, in writing, by the mutual consent of DOGM and the permittee at any time to adjust to changed conditions or to correct an oversight. DOGM may amend these conditions at any time without the consent of the permittee in order to make them consistent with any new federal or state statutes and any new regulations.

THE STATE OF UTAH

By: _____

Date: _____

William R. Nelson
6/14/89

I certify that I have read, understand and accept the requirements of this permit and any special conditions attached.

Authorized Representative of
the Permittee

Date: _____

Charles F. Vane
7-3-89

APPROVED AS TO FORM:

By: _____

Assistant Attorney General

Date: _____

Barbara W. Roberts
6/14/89

ATTACHMENT A

STIPULATIONS

Genwal Coal Company
Crandall Canyon Mine
ACT/015/032
Emery County, Utah

June 14, 1989

Stipulation USFS -(1)

1. Within 30 days of the date of permit approval, Genwal must provide a revised plan to control drainage from sediment pond sludge, such that an adequate mechanical barrier is provided to contain the drainage; or provide a plan to ensure drainage will go to the ditch between the coal processing area and the Forest development road such that the processing area and the entrance do not become soft and rutted.

Stipulation UMC 771.23 -(1) - SCL

1. In order to ensure a complete and updated Mining and Reclamation Plan, the applicant shall, within 30 days of permit issuance, submit a revised Chapter 2 which includes all information regarding the new ownership and control of Genwal Coal Company.

Stipulation UMC 784.13 -(1) - JRH

1. The applicant must provide a revised reclamation plan to address technical deficiencies in the plan in accordance with the requirements of UMC 784.13, including:
 - a. Modified final surface contours which will meet AOC requirements, and conform to the approved post-mining land use; and, a materials mass balance demonstrating feasibility and reclaimability of the site.
 - b. Re-designed temporary and permanent surface diversions for Phase I and Phase II reclamation operations which are suitable for the final surface configuration of the site.

- c. A revised and detailed estimate of the cost of reclamation, with supporting calculations, to reflect the costs for reclamation in accordance with the approved plan and any changes to the facilities required to meet the conditions of this stipulation.
- d. Any modifications to drawings, designs, or text within the MRP which may be affected by plans submitted to comply with this stipulation.

An initial submittal addressing this stipulation will be required 120 days from the date of permit approval.

R 7 E

T 16 S

Crandall Canyon Mine

Tract 2 SL-062648

Tract 1

Tract 6

Crandall Canyon

Huntington

Spring 1

Spring 2

Spring 3

Spring 4

Spring 5

Spring 6

Spring 7

Spring 8

Spring 9

Spring 10

Spring 11

Spring 12

Spring 13

Spring 14

Spring 15

Spring 16

Spring 17

Spring 18

Spring 19

Spring 20

Spring 21

Spring 22

Spring 23

Spring 24

Spring 25

Spring 26

Spring 27

Spring 28

Spring 29

Spring 30

Spring 31

Spring 32

Spring 33

Spring 34

Spring 35

Spring 36

Spring 37

Spring 38

Spring 39

Spring 40

Spring 41

Spring 42

Spring 43

Spring 44

Spring 45

Spring 46

Spring 47

Spring 48

Spring 49

Spring 50

Spring 51

Spring 52

Spring 53

Spring 54

Spring 55

Spring 56

Spring 57

Spring 58

Spring 59

Spring 60

Spring 61

Spring 62

Spring 63

Spring 64

Spring 65

Spring 66

Spring 67

Spring 68

Spring 69

Spring 70

Spring 71

Spring 72

Spring 73

Spring 74

Spring 75

Spring 76

Spring 77

Spring 78

Spring 79

Spring 80

Spring 81

Spring 82

Spring 83

Spring 84

Spring 85

Spring 86

Spring 87

Spring 88

Spring 89

Spring 90

Spring 91

Spring 92

Spring 93

Spring 94

Spring 95

Spring 96

Spring 97

Spring 98

Spring 99

Spring 100

Spring 101

Spring 102

Spring 103

Spring 104

Spring 105

Spring 106

Spring 107

Spring 108

Spring 109

Spring 110

Spring 111

Spring 112

Spring 113

Spring 114

Spring 115

Spring 116

Spring 117

Spring 118

Spring 119

Spring 120

Spring 121

Spring 122

Spring 123

Spring 124

Spring 125

Spring 126

Spring 127

Spring 128

Spring 129

Spring 130

Spring 131

Spring 132

Spring 133

Spring 134

Spring 135

Spring 136

Spring 137

Spring 138

Spring 139

Spring 140

Spring 141

Spring 142

Spring 143

Spring 144

Spring 145

Spring 146

Spring 147

Spring 148

Spring 149

Spring 150

Spring 151

Spring 152

Spring 153

Spring 154

Spring 155

Spring 156

Spring 157

Spring 158

Spring 159

Spring 160

Spring 161

Spring 162

Spring 163

Spring 164

Spring 165

Spring 166

Spring 167

Spring 168

Spring 169

Spring 170

Spring 171

Spring 172

Spring 173

Spring 174

Spring 175

Spring 176

Spring 177

Spring 178

Spring 179

Spring 180

Spring 181

Spring 182

Spring 183

Spring 184

Spring 185

Spring 186

Spring 187

Spring 188

Spring 189

Spring 190

Spring 191

Spring 192

Spring 193

Spring 194

Spring 195

Spring 196

Spring 197

Spring 198

Spring 199

Spring 200

Spring 201

Spring 202

Spring 203

Spring 204

Spring 205

Spring 206

Spring 207

Spring 208

Spring 209

Spring 210

Spring 211

Spring 212

Spring 213

Spring 214

Spring 215

Spring 216

Spring 217

Spring 218

Spring 219

Spring 220

Spring 221

Spring 222

Spring 223

Spring 224

Spring 225

Spring 226

Spring 227

Spring 228

Spring 229

Spring 230

Spring 231

Spring 232

Spring 233

Spring 234

Spring 235

Spring 236

Spring 237

Spring 238

Spring 239

Spring 240

Spring 241

Spring 242

Spring 243

Spring 244

Spring 245

Spring 246

Spring 247

Spring 248

Spring 249

Spring 250

Spring 251

Spring 252

Spring 253

Spring 254

Spring 255

Spring 256

Spring 257

Spring 258

Spring 259

Spring 260

Spring 261

Spring 262

Spring 263

Spring 264

Spring 265

Spring 266

Spring 267

Spring 268

Spring 269

Spring 270

Spring 271

Spring 272

Spring 273

Spring 274

Spring 275

Spring 276

Spring 277

Spring 278

Spring 279

Spring 280

Spring 281

Spring 282

Spring 283

Spring 284

Spring 285

Spring 286

Spring 287

Spring 288

Spring 289

Spring 290

Spring 291

Spring 292

Spring 293

Spring 294

Spring 295

Spring 296

Spring 297

Spring 298

Spring 299

Spring 300

Spring 301

Spring 302

Spring 303

Spring 304

FEDERAL
(April 1987)

Permit Number ACT/015/032,

June 14, 1989

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
(801) 538-5340

This permit, ACT/015/032, is issued for the state of Utah by the Utah Division of Oil, Gas and Mining (DOGM) to:

Genwal Coal Company
P. O. Box 1201
Huntington, Utah 84528
(801) 687-9813

for the Crandall Canyon Mine. Genwal Coal Company is the lessee of federal coal lease SL-062648 and the lessee of a fee-owned parcel affected by surface operations. A performance bond is filed with the DOGM in the amount of \$268,000.00, payable to the state of Utah, Division of Oil, Gas and Mining and the Office of Surface Mining Reclamation and Enforcement (OSMRE). DOGM must receive a copy of this permit signed and dated by the permittee.

- Sec. 1 STATUTES AND REGULATIONS - This permit is issued pursuant to the Utah Coal Mining and Reclamation Act of 1979, Utah Code Annotated (UCA) 40-10-1 et seq, hereafter referred to as the Act.
- Sec. 2 PERMIT AREA - The permittee is authorized to conduct underground coal mining activities on the following described lands (as shown on the map appended as Attachment B) within the permit area at the Crandall Canyon Mine situated in the state of Utah, Emery County, and located:

Township 16 South, Range 7 East, SLBM

Section 5: SW 1/4 NW 1/4, Lot 4 (NW 1/4 NW 1/4)
Section 6: SE 1/4 NE 1/4, Lot 1 (NE 1/4 NE 1/4)

This legal description is for the permit area (as shown on Attachment B) of the Crandall Canyon Mine. The permittee is authorized to conduct underground coal mining activities connected with mining on the foregoing described property subject to the conditions of the lease, the approved mining plan, including all conditions and all other applicable conditions, laws and regulations.

- Sec. 3 PERMIT TERM - This permit is effective on June 14, 1989 and expires on May 13, 1993.
- Sec. 4 ASSIGNMENT OF PERMIT RIGHTS - The permit rights may not be transferred, assigned or sold without the approval of the Director, DOGM. Transfer, assignment or sale of permit rights must be done in accordance with applicable regulations, including but not limited to 30 CFR 740.13(e) and UMC 788.17-.19.
- Sec. 5 RIGHT OF ENTRY - The permittee shall allow the authorized representative of the DOGM, including but not limited to inspectors, and representatives of OSMRE, without advance notice or a search warrant, upon presentation of appropriate credentials, and without delay to:
- A. have the rights of entry provided for in 30 CFR 840.12, UMC 840.12, 30 CFR 842.13 and UMC 842.13; and,
 - B. be accompanied by private persons for the purpose of conducting an inspection in accordance with UMC 842.12 and 30 CFR 842, when the inspection is in response to an alleged violation reported by the private person.
- Sec. 6 SCOPE OF OPERATIONS - The permittee shall conduct underground coal mining activities only on those lands specifically designated as within the permit area on the maps submitted in the mining and reclamation plan and permit application and approved for the term of the permit and which are subject to the performance bond.
- Sec. 7 ENVIRONMENTAL IMPACTS - The permittee shall minimize any adverse impact to the environment or public health and safety through but not limited to:
- A. accelerated monitoring to determine the nature and extent of noncompliance and the results of the noncompliance;
 - B. immediate implementation of measures necessary to comply; and
 - C. warning, as soon as possible after learning of such noncompliance, any person whose health and safety is in imminent danger due to the noncompliance.

- Sec. 8 DISPOSAL OF POLLUTANTS - The permittee shall dispose of solids, sludge, filter backwash or pollutants in the course of treatment or control of waters or emissions to the air in the manner required by the approved Utah State Program and the Federal Lands Program which prevents violation of any applicable state or federal law.
- Sec. 9 CONDUCT OF OPERATIONS - The permittee shall conduct its operations:
- A. in accordance with the terms of the permit to prevent significant, imminent environmental harm to the health and safety of the public; and
 - B. utilizing methods specified as conditions of the permit by DOGM in approving alternative methods of compliance with the performance standards of the Act, the approved Utah State Program and the Federal Lands Program.
- Sec. 10 AUTHORIZED AGENT - The permittee shall provide the names, addresses and telephone numbers of persons responsible for operations under the permit to whom notices and orders are to be delivered.
- Sec. 11 COMPLIANCE WITH OTHER LAWS - The permittee shall comply with the provisions of the Water Pollution Control Act (33 USC 1151 et seq,) and the Clean Air Act (42 USC 7401 et seq), UCA 26-11-1 et seq, and UCA 26-13-1 et seq.
- Sec. 12 PERMIT RENEWAL - Upon expiration, this permit may be renewed for areas within the boundaries of the existing permit in accordance with the Act, the approved Utah State Program and the Federal Lands Program.
- Sec. 13 CULTURAL RESOURCES - If during the course of mining operations, previously unidentified cultural resources are discovered, the permittee shall ensure that the site(s) is not disturbed and shall notify DOGM. DOGM, after coordination with OSMRE, shall inform the permittee of necessary actions required. The permittee shall implement the mitigation measures required by DOGM within the time frame specified by DOGM.
- Sec. 14 APPEALS - The permittee shall have the right to appeal as provided for under UMC 787.

Sec. 15 SPECIAL CONDITIONS - In addition to the general obligations and/or requirements set out in the leases, the federal mining plan approval, and this permit, the permittee shall comply with the special conditions appended hereto as Attachment A.

The above conditions (Secs. 1-15) are also imposed upon the permittee's agents and employees. The failure or refusal of any of these persons to comply with these conditions shall be deemed a failure of the permittee to comply with the terms of this permit and the lease. The permittee shall require his agents, contractors and subcontractors involved in activities concerning this permit to include these conditions in the contracts between and among them. These conditions may be revised or amended, in writing, by the mutual consent of DOGM and the permittee at any time to adjust to changed conditions or to correct an oversight. DOGM may amend these conditions at any time without the consent of the permittee in order to make them consistent with any new federal or state statutes and any new regulations.

THE STATE OF UTAH

By: James R. Nulsen

Date: 6/14/89

I certify that I have read, understand and accept the requirements of this permit and any special conditions attached.

Charles E. Vaughn
Authorized Representative of
the Permittee

Date: 7-3-89

APPROVED AS TO FORM:

By: Barbara W. Roberts

Assistant Attorney General

Date: 6/14/89

ATTACHMENT A

STIPULATIONS

Genwal Coal Company
Crandall Canyon Mine
ACT/015/032
Emery County, Utah

June 14, 1989

Stipulation USFS -(1)

1. Within 30 days of the date of permit approval, Genwal must provide a revised plan to control drainage from sediment pond sludge, such that an adequate mechanical barrier is provided to contain the drainage; or provide a plan to ensure drainage will go to the ditch between the coal processing area and the Forest development road such that the processing area and the entrance do not become soft and rutted.

Stipulation UMC 771.23 -(1) - SCL

1. In order to ensure a complete and updated Mining and Reclamation Plan, the applicant shall, within 30 days of permit issuance, submit a revised Chapter 2 which includes all information regarding the new ownership and control of Genwal Coal Company.

Stipulation UMC 784.13 -(1) - JRH

1. The applicant must provide a revised reclamation plan to address technical deficiencies in the plan in accordance with the requirements of UMC 784.13, including:
 - a. Modified final surface contours which will meet AOC requirements, and conform to the approved post-mining land use; and, a materials mass balance demonstrating feasibility and reclaimability of the site.
 - b. Re-designed temporary and permanent surface diversions for Phase I and Phase II reclamation operations which are suitable for the final surface configuration of the site.

- c. A revised and detailed estimate of the cost of reclamation, with supporting calculations, to reflect the costs for reclamation in accordance with the approved plan and any changes to the facilities required to meet the conditions of this stipulation.
- d. Any modifications to drawings, designs, or text within the MRP which may be affected by plans submitted to comply with this stipulation.

An initial submittal addressing this stipulation will be required 120 days from the date of permit approval.

R 7 E

T 16 S

Crandall Canyon Mine

Tract 2 SL-062648

Tract 1

Tract 6

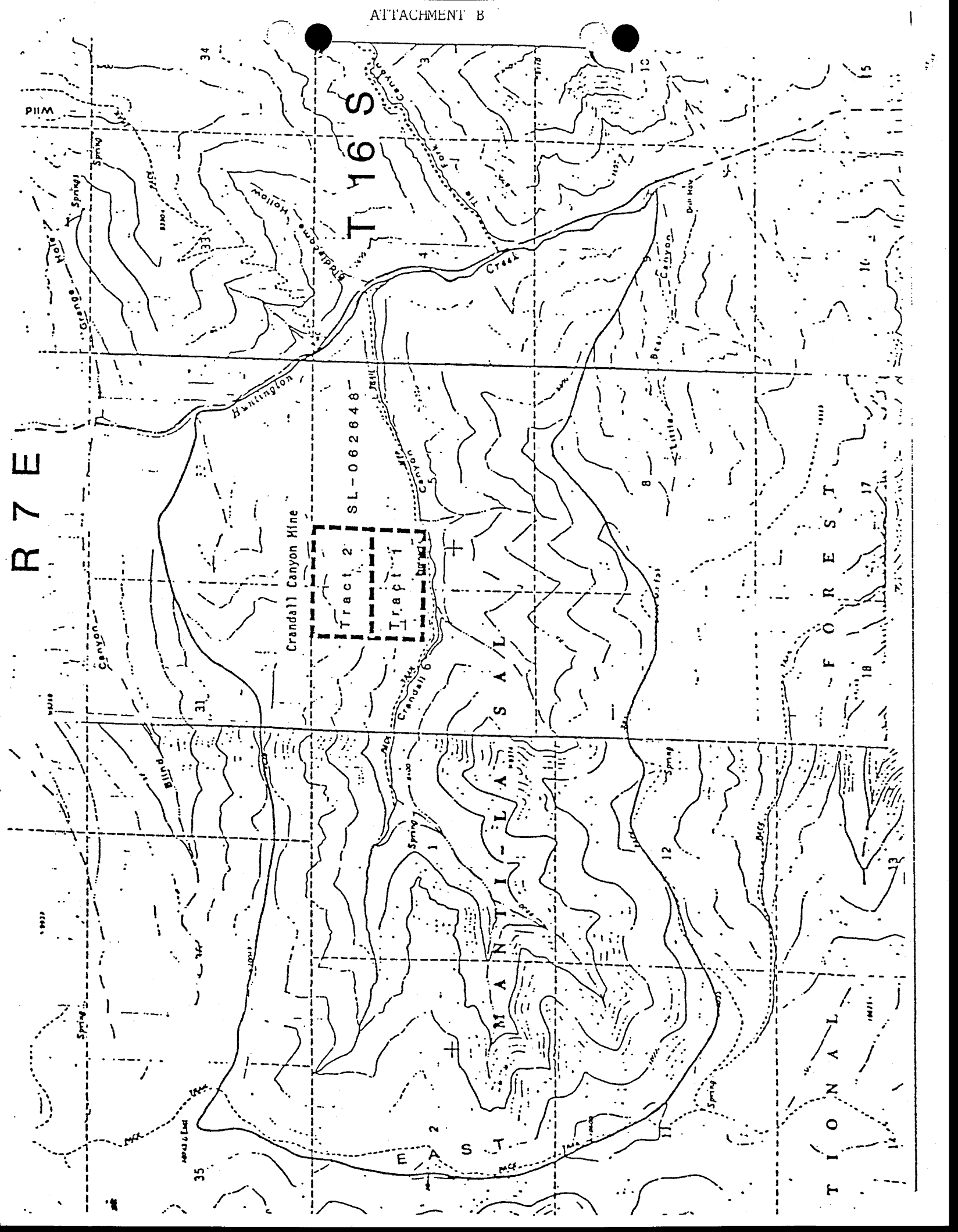
S A L

M A N T I - L A

E A S T

F O R E S T

T I O N A L



RECLAMATION AGREEMENT

(C O A L)

CONTENTS:

Reclamation Agreement

Exhibit "A"
Surface Disturbance

Exhibit "B"
Bonding Agreement
Surety Bond
Collateral Bond

Exhibit "C"
Liability Insurance

Exhibit "D"
Stipulation to Revise Reclamation Agreement

Affidavits of Qualification

Power of Attorney

Revised August 1988
RECLAMATION AGREEMENT

Permit Number ACT/015/032
Date Permit Issued 01/032
Effective Date of Agreement 5/13/83
June 13, 1989

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
(801) 538-5340

COAL RECLAMATION AGREEMENT
--oo00oo--

For the purposes of this RECLAMATION AGREEMENT the terms below are defined as follows:

"PERMIT" (Mine Permit No.) ACT/015/032 (County) Emery

"MINE" (Name of Mine) Crandall Canyon

"OPERATOR" (Company or Name) Genwal Coal Company
(Address) P. O. Box 1201
Huntington, UT 84528
(801) 687-9813

"OPERATOR'S REGISTERED
AGENT" (Name) Allen Childs
(Address) Genwal Coal Company
P. O. Box 1201, Huntington, UT 84528
(Phone) (801) 687-9813

"COMPANY OFFICERS": C. F. Vaughn, President
R. W. Mower, Vice President

"BOND TYPE" (Form of Bond) Collateral

"BOND" (Bond Amount-Dollars) \$268,000
(Year-Dollars) 1992

INSTITUTION
POLICY OR ACCOUNT NUMBER _____

"LIABILITY INSURANCE" (Exp.) Good till cancelled
(Insurance Company) Price Insurance Agency

"STATE": Utah (Department of Natural Resources)

"DIVISION": Division of Oil, Gas and Mining

"DIVISION DIRECTOR" Dianne R. Nielson

EXHIBITS:

		Revision Dates		
"SURFACE DISTURBANCE"	Exhibit "A"	_____	_____	_____
"BONDING AGREEMENT"	Exhibit "B"	_____	_____	_____
"LIABILITY INSURANCE"	Exhibit "C"	_____	_____	_____
"STIPULATION TO CHANGE BOND"	Exhibit "D"	_____	_____	_____

RECLAMATION AGREEMENT

This RECLAMATION AGREEMENT (hereinafter referred to as "Agreement") is entered into by the Operator.

WHEREAS, on June 14,, 19 89, the Division approved the Permit Application Package, hereinafter "PAP", submitted by Genwal Coal Company, Inc., hereinafter "Operator"; and

WHEREAS, prior to issuance of a permit to conduct mining and reclamation operations on the property described in the PAP, hereinafter "Property", the Operator is obligated by Title 40-10-1, et seq., Utah Code Annotated (1953, as amended), hereinafter "Act", to file with the Division a bond ensuring the performance of the reclamation obligations in the manner and by the standards set forth in the PAP, the Act, and the State of Utah Division of Oil, Gas and Mining Rules pertaining to Coal Mining and Reclamation Activities, hereinafter "Rules"; and

WHEREAS, the Operator is ready and willing to file the bond in the amount and in a form acceptable to the Division and to perform all obligations imposed by the Division relating to the reclamation of the Property; and

WHEREAS, the Division is ready and willing to issue the subject a mining and reclamation permit upon acceptance and approval of the bond.

NOW, THEREFORE, the Division and the Operator agree as follows:

1. The provisions of the Act and the Rules are incorporated by reference herein and hereby made a part of this Agreement. Provisions of the Act or Rules shall supercede conflicting provisions of this Agreement.

RECLAMATION AGREEMENT

2. The Operator shall provide a legal description of the property including the number of acres approved by the Division to be disturbed by surface mining and reclamation operations during the permit period. The description is attached as Exhibit "A", and is incorporated by reference and shall be referred to as the "Surface Disturbance".
3. The Operator shall provide a bond to the Division in the form and amount acceptable to the Division ensuring the performance of the reclamation obligations in the manner and by the standards set forth in the PAP, the Act and the Rules. Said bond is attached as Exhibit "B" and is incorporated by reference.
4. The Operator shall maintain in full force and effect the public liability insurance policy submitted as part of the permit application. The Division shall be listed as an additional insured on said policy.
5. In the event that the Surface Disturbance is increased through expansion of the coal mining and reclamation operations or decreased through partial reclamation, the Division shall adjust the bond as appropriate.
6. The Operator does hereby jointly and severally agree to indemnify and hold harmless the State of Utah and the Division from any claim, demand, liability, cost, charge, or suit initiated by a third party as a result of the Operator or Operator's agent or employees failure to abide by the terms and conditions of the approved PAP and this Agreement.

RECLAMATION AGREEMENT

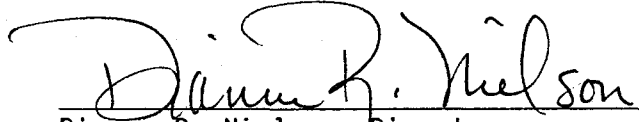
7. The terms and conditions of this Agreement are non-cancellable until such time as the Operator has satisfactorily, as determined by the Division, reclaimed the Surface Disturbance in accordance with the approved PAP, the Act, and the Rules. Notwithstanding the above, the Division may direct, or the Operator may request and the Division may approve, a modification to this Agreement.
8. The Operator may, at any time, submit a request to the Division to substitute the bonding method. The Division may approve the substitution if the bond meets the requirements of the Act and the Rules, but no bond shall be released until the Division has approved and accepted the replacement bond.
9. Any revision in the Surface Disturbance, the bond amount, the bond type, the liability insurance amount coverage, and/or the liability insurance company, or other revisions affecting the terms and conditions of this Agreement shall be submitted on the form entitled "Stipulation to Revise Reclamation Agreement" and shall be attached hereto as Exhibit "D".
10. This Agreement shall be governed and construed in accordance with the laws of the State. The Operator shall be liable for all costs required to comply with this agreement, including any attorney fees.
11. Any breach of the provisions of this Agreement, the Act, the Rules, or the PAP may, at the discretion of the Division, result in an order to cease coal mining and reclamation operations, revocation of the Operator's permit to conduct coal mining and reclamation operations and/or forfeiture of the bond.

RECLAMATION AGREEMENT

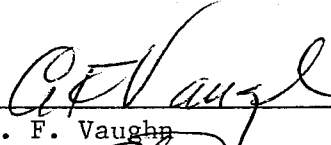
12. In the event of forfeiture, the Operator shall be liable for additional costs in excess of the bond amount which are required to comply with this Agreement. Any excess monies resulting from the forfeiture of the bond amount upon compliance with this contract shall be refunded to the appropriate party.
13. Each signatory below represents that he/she is authorized to execute this Agreement on behalf of the named party. Proof of such authorization is provided on a form acceptable to the Division and is attached hereto.

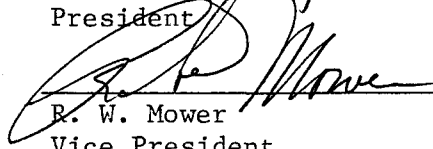
SO AGREED this 13th day of June, 19 89

STATE OF UTAH:


Dianne R. Nielson, Director
Division of Oil, Gas and Mining

OPERATOR:


C. F. Vaughn
President


R. W. Mower
Vice President

NOTE: An Affidavit of Qualification must be completed and attached to this form for each authorized agent or officer. Where one signs by virtue of Power of Attorney for a company, such Power of Attorney must be filed with this Agreement. If the principal is a corporation, the Agreement shall be executed by its duly authorized officer.

EXHIBIT "A"
SURFACE DISTURBANCE
LEGAL DESCRIPTION

Exhibit "A" - SURFACE DISTURBANCE
August 1988

Permit Number ACT/015/032
Effective Date 5/13/83

SURFACE DISTURBANCE
--oo00oo--

RECEIVED
JUN 05 1989

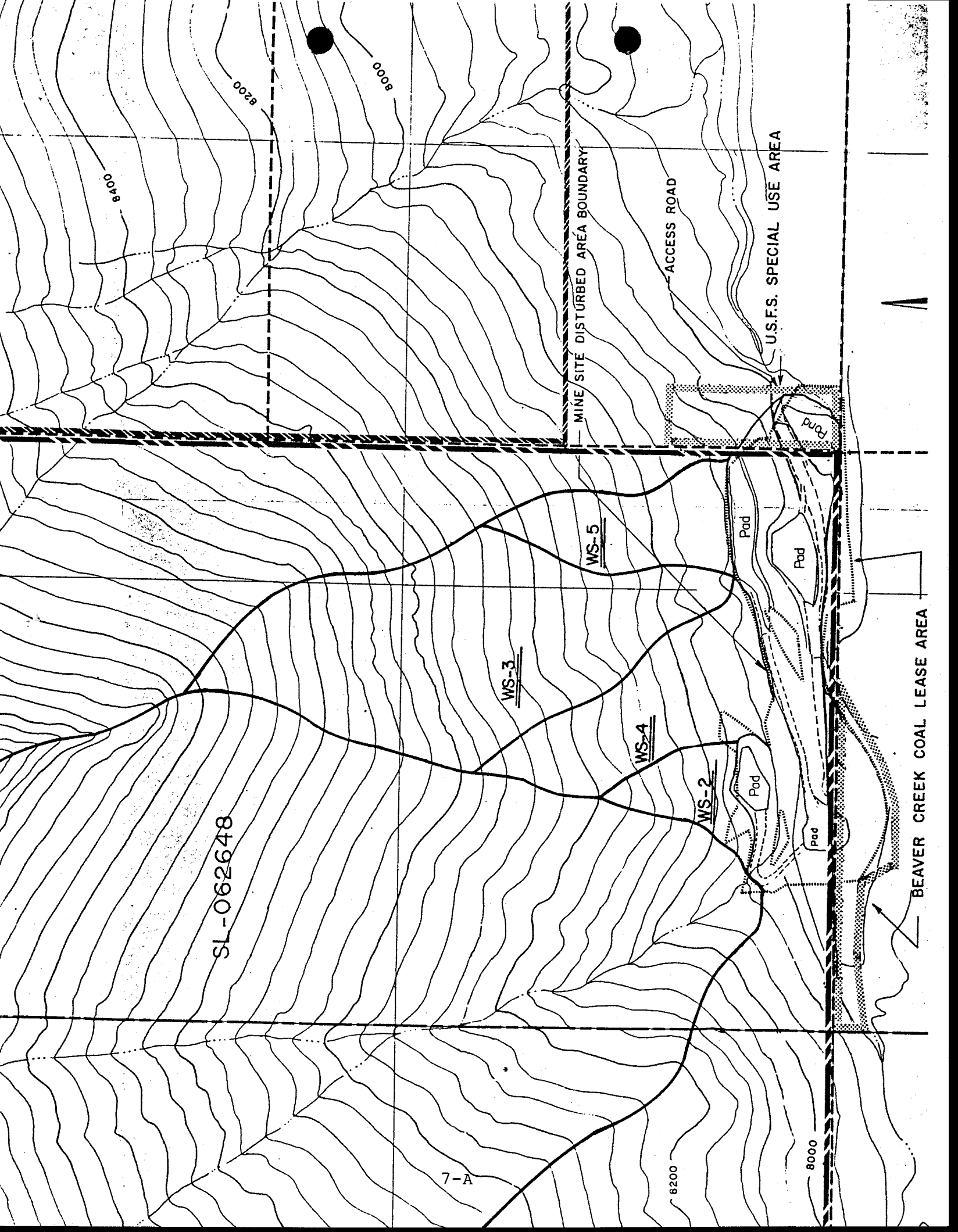
DIVISION OF
OIL, GAS & MINING

In accordance with the RECLAMATION AGREEMENT, the OPERATOR intends to conduct coal mining and reclamation activities on or within the surface DISTURBANCE as described hereunder:

Total acres of SURFACE DISTURBANCE 5.6
(See Page 7-A)

Legal Description of SURFACE DISTURBANCE:

Section 5, Township 16 South, Range 7 East, SLB&M, State of Utah.



8400

8200

8000

MINE SITE DISTURBED AREA BOUNDARY

ACCESS ROAD

U.S.F.S. SPECIAL USE AREA

Pad

Pad

Pad

Pad

Pad

BEAVER CREEK COAL LEASE AREA

WS-5

WS-3

WS-4

WS-2

SL-062648

7-A

8200

8000

EXHIBIT "B"
COLLATERAL BOND
(FEDERAL COAL)

August 1988
Exhibit "B" - BONDING AGREEMENT
COLLATERAL BOND

Permit Number _____
Expiration Date _____

(FEDERAL COAL)
COLLATERAL BOND
--oo00oo--

The OPERATOR has provided a(n) Letter of Credit
(FORM OF COLLATERAL) issued by Zions First National Bank (INSTITUTION)
which names the DIVISION as Beneficiary. This collateral, attached as Exhibit
"B-1", is by this reference incorporated herein, and shall secure the
RECLAMATION AGREEMENT. This undersigned OPERATOR and INSTITUTION hereby
jointly and severally bind ourselves, our heirs, administrators, executors,
successors and assigns unto the State of Utah, Division of Oil, Gas and
Mining, and, the U.S. Department of Interior, Office of Surface Mining
Reclamation and Enforcement (OSMRE) in the penal sum of
(\$268,000) (COLLATERAL BOND AMOUNT) for the timely performance
of reclamation responsibilities of the SURFACE DISTURBANCE described in
Exhibit "A" of this RECLAMATION AGREEMENT.

Terms for release or adjustment of this COLLATERAL BOND are as written and
agreed to by the DIVISION and the OPERATOR in the RECLAMATION AGREEMENT to
which this COLLATERAL BOND has been attached as Exhibit "B".

If the COLLATERAL hereinabove describes real property, then this bond
shall be filed as a restrictive covenant, upon said property and shall run
with the land.

August 1988
Exhibit "B" - BONDING AGREEMENT
COLLATERAL BOND

So agreed this 15th day of May, 19 89.

FOR THE OPERATOR:

Genwal Coal Company, Inc.

Operator - (Company)

C. F. Vaughn, President

Company Officer - Position

R. W. Mower, Vice President

Company Officer - Position

FOR THE INSTITUTION:

Gary E. Christensen
(Bank or) **VICE PRES. & MANAGER**
INTERNATIONAL BANKING

Officer - Position

ACCEPTED BY THE STATE OF UTAH:

Dianne R. Nielson
Director, Division of Oil, Gas and Mining

NOTE: An Affidavit of Qualification must be completed and attached to this form for each authorized agent or officer. Where one signs by virtue of Power of Attorney for a company, such Power of Attorney must be filed with this Agreement. If the principal is a corporation, the Agreement shall be executed by its duly authorized officer.

**ZIONS
FIRST NATIONAL BANK**

ESTABLISHED 1873

General fireproof file
UB
INTERNATIONAL BANKING DEPARTMENT

P.O. Box 30709
Salt Lake City, Utah 84130 U.S.A.

Telephone: 801/524-4916
Telex: 3789475 Answerback: INTBKZIONS SLC
Swift Code: ZFNBUS55

IRREVOCABLE LETTER OF CREDIT

STATE OF UTAH DIVISION OF OIL, GAS & MINING
AND US DEPARTMENT OF INTERIOR OFFICE SURFACE
MINING, RECLAMATION AND ENFORCEMENT
3 TRIAD CENTER, SUITE B50
SALT LAKE CITY, UTAH 84180

DATE: JUNE 9, 1989

LETTER OF CREDIT NO.: **Nº 003905**

Gentlemen:

We hereby establish our *Irrevocable Letter of Credit* in your favor for the account of
GENWAL COAL COMPANY, P.O. BOX 1201, HUNTINGTON, UTAH 84528

up to the aggregate amount of USD268,000.00

available by your draft(s) drawn at SIGHT

on Zions First National Bank, Salt Lake City, Utah accompanied by:

A STATEMENT SIGNED BY AN OFFICER OF THE STATE OF UTAH DIVISION OF OIL, GAS & MINING AND
U.S. DEPARTMENT OF INTERIOR OFFICE SURFACE MINING, RECLAMATION AND ENFORCEMENT THAT
GENWAL COAL COMPANY HAS NOT PERFORMED TO UMC REGULATIONS AND APPROVED RECLAMATION PLAN.

* * * * *

We hereby agree with drawers, endorsers and bona fide holders that all drafts drawn under and in compliance with the terms of this credit will be duly honored upon presentation and delivery of documents as specified to the drawee if drawn and presented for negotiation on or before MAY 25, 1990 at our bank.

The Amount and Date of Each Negotiation Must Be Endorsed on the Back Hereof by the Negotiating Bank.

"This Credit is Subject to the 'Uniform Customs and Practice for Documentary Credits (1983 Revision), International Chamber of Commerce, Publication No. 400'."

184-0002 Rev 3/89

Very Truly Yours,

Gayle D. Keane
Authorized Signature

EXHIBIT "C"
LIABILITY INSURANCE

August 1988

CERTIFICATE OF LIABILITY INSURANCE

Issued To:
State of Utah
Department of Natural Resources
Division of Oil, Gas and Mining
--oo00oo--

THIS IS TO CERTIFY THAT:

NATIONAL UNION FIRE INSURANCE COMPANY

(Name of Insurance Company)

70 Pine Street, New York, New York

(Home Office Address of Insurance Company)

HAS ISSUED TO:

GENWAL COAL COMPANY

(Name of Permit Applicant)

Crandall Canyon

(Mine Name)

(Permit Number)

CERTIFICATE OF INSURANCE:

GLCM 540-24-39RA

(Policy Number)

12/22/88

(Effective Date)

UNDER THE FOLLOWING TERMS AND CONDITIONS:

Per UMC/SMC Part 800.60 Terms and Conditions for Liability Insurance;

- A. The Division shall require the applicant to submit as part of its permit application a certificate issued by an insurance company authorized to do business in the state of Utah certifying that the applicant has a public liability insurance policy in force for the surface coal mining and reclamation operations for which the permit is sought. Such policy shall provide for personal injury and property damage protection in an amount adequate to compensate any persons injured or property damaged as a result of the surface coal mining and reclamation operations, including the use of explosives and who are entitled to compensation under the applicable provisions of state law. Minimum insurance coverage for bodily injury and property damage shall be \$300,000 for each occurrence and \$500,000 aggregate.

August 1988
CERTIFICATE OF LIABILITY INSURANCE

- B. The policy shall be maintained in full force during the life of the permit or any renewal thereof, including the liability period necessary to complete all reclamation operations under this chapter.
- C. The policy shall include a rider requiring that the insurer notify the Division whenever substantive changes are made in the policy including any termination or failure to renew.

IN ACCORDANCE WITH THE ABOVE TERMS AND CONDITIONS, and the Utah Code Annotated 40-10-1 et seq., the Insurance Company hereby attests to the fact that coverage for said Permit Application is in accordance with the requirements of the State of Utah and agrees to notify the Division of Oil, Gas and Mining in writing of any substantive change, including cancellation, failure to renew, or other material change. No change shall be effective until at least thirty (30) days after such notice is received by the Division. Any change unauthorized by the Division is considered breach of the RECLAMATION AGREEMENT and the Division may pursue remedies thereunder.

UNDERWRITING AGENT:

ROY A. NIKAS
(Agent's Name)

PRICE INSURANCE AGENCY
(Company Name)
P. O. BOX 871

(Mailing Address)

801-637-3351
(Phone)

PRICE, UTAH 84501-0871
(City, State, Zip Code)

August 1988
CERTIFICATE OF LIABILITY INSURANCE

The undersigned affirms that the above information is true and complete to the best of his or her knowledge and belief, and that he or she is an authorized representative of the above-named insurance company. (An Affidavit of Qualification must be completed and attached to this form for each authorized agent or officer.)

5/9/89 Roy A. Nikas, Agent
(Date, Signature and Title of Authorized Agent of Insurance Company)
True Insurance Agency

Signed and sworn before me by

Roy A. Nikas

this 9th day of May, 19 89.

Jois M. Liordano
(Signature)

My Commission Expires:

8-25-90
(Date)

EXHIBIT "D"
STIPULATION TO REVISE RECLAMATION
AGREEMENT

August 1988

Exhibit "D" - STIPULATION TO REVISE RECLAMATION AGREEMENT

Permit Number _____

Expiration Date _____

COAL

STIPULATION TO REVISE RECLAMATION AGREEMENT

--oo00oo--

This STIPULATION TO REVISE RECLAMATION AGREEMENT entered into by and between the OPERATOR and DIVISION incorporates the following revisions or changes to the RECLAMATION AGREEMENT: (Identify and Describe Revisions Below)

In accordance with this STIPULATION TO REVISE RECLAMATION AGREEMENT, the following Exhibits have been replaced by the OPERATOR and are approved by the DIVISION:

___ Replace the RECLAMATION AGREEMENT in its entirety.

___ Replace Exhibit "A" - SURFACE DISTURBANCE.

___ Replace Exhibit "B" - BONDING AGREEMENT.

___ Replace Exhibit "C" - LIABILITY INSURANCE.

The BONDING amount is revised from (\$ _____) to (\$ _____).

The SURFACE DISTURBANCE is revised from _____ acres to _____ acres.

The EXPIRATION DATE is revised from _____ to _____.

August 1988

Exhibit "D" - STIPULATION TO REVISE RECLAMATION AGREEMENT

SO AGREED THIS _____ DAY OF _____, 19 ____.

FOR THE STATE OF UTAH:

Director, Division of Oil, Gas and Mining

FOR THE OPERATOR:

Company Officer - Position

Company Officer - Position

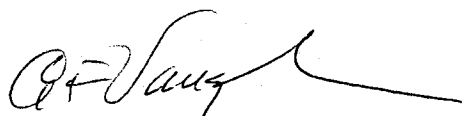
NOTE: An Affidavit of Qualification must be completed and attached to this form for each authorized agent or officer. Where one signs by virtue of Power of Attorney for a company, such Power of Attorney must be filed with this Agreement. If the principal is a corporation, the Agreement shall be executed by its duly authorized officer.

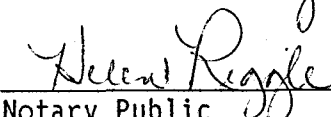
AFFIDAVITS OF QUALIFICATION

August 1988

AFFIDAVIT OF QUALIFICATION
OPERATOR
--oo00oo--

I, C. F. Vaughn, being first duly sworn under oath, deposes and says that he/she is the (officer or agent) Officer of Genwal Coal Company, Inc.; and that he/she is duly authorized to execute and deliver the foregoing obligations; and that said OPERATOR is authorized to execute the same and has complied in all respects with the laws of Utah in reference to commitments, undertakings and obligations herein.


(Signed) C. F. Vaughn, President
Name - Position

Subscribed and sworn to before me this 25th day of May, 1989.

Notary Public

My Commission Expires:

12-22, 1989.

Attest:

STATE OF Utah)
COUNTY OF Emery) ss:

August 1988

AFFIDAVIT OF QUALIFICATION
SURETY COMPANY
--oo00oo--

I, Garve Christensen, being first duly sworn under oath, deposes and says that he/~~she~~ is the (officer or agent) _____ of Zion First National Bank; and that he/she is duly authorized to execute and deliver the foregoing obligations; and that said SURETY COMPANY is authorized to execute the same and has complied in all respects with the laws of Utah in reference to becoming sole surety upon bonds, undertakings and obligations herein.

(Signed)

Garve Christensen
Surety Company Officer Position
VICE PRES. & MANAGER
INTERNATIONAL BANKING

Subscribed and sworn to before me this 13 day of June, 1989.

Michelle C. Stucker
Notary Public

My Commission Expires:

August 31, 1992.

Attest:

STATE OF Utah)
COUNTY OF Salt Lake)

SS:



August 1988

AFFIDAVIT OF QUALIFICATION
DIRECTOR
--oo00oo--

I, Dianne R. Nielson, being first duly sworn under oath, deposes and says that she is the Director of the Division of Oil, Gas and Mining, Department of Natural Resources, State of Utah; and that she is duly authorized to execute and deliver the foregoing obligations; and that said DIRECTOR is authorized to execute the same by authority of law on behalf of the State of Utah.

(Signed) Dianne R. Nielson
Dianne R. Nielson, Director
Division of Oil, Gas and Mining

Subscribed and sworn to before me this 13th day of June, 1989.

Marjorie L. Anderson
Notary Public

My Commission Expires:

July 24, 1989.

Attest:

STATE OF Utah)
COUNTY OF Salt Lake) ss: